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# GAIN Report

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## Japan

### Solid Wood Products

### Sick House: The Case of Plywood

2004

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**Report Highlights:**

The government of Japan has begun regulating the off-gasses, volatile organic compounds, of some processed wood products, including plywood. Registration and certification requirements have increased demand for domestically produced plywood generally (over 10%) and softwood plywood in particular (almost 40%), as foreign suppliers labor to conform their production to the new regulations.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Tokyo [JA1]  
[JA]

The government of Japan has begun regulating the off-gasses, volatile organic compounds, of some processed wood products, including plywood. Registration and certification requirements have affected the demand for plywood. These regulations have restricted plywood imports from traditional exporters, increasing mid-term opportunities for local producers.

The government of Japan implemented certification requirements in July 2003 for formaldehyde emissions on certain wood products, including plywood. While foreign suppliers scrambled to gain approval under these new regulations, Japanese plywood production increased. Total plywood production was up approximately 10%, softwood plywood production, 62% of total plywood production, was up 39%. The domestic trend is away from hardwood plywood to softwood plywood. The share of softwood plywood increased from 48% in 2002 to 62% in 2003.

Japan's total plywood distribution in 2003 was 7,594,970 cubic meters (m3), down 1.7% from the previous year. Distribution of domestically produced plywood was 2,966,000 m3, up 9.2% from the previous year. Year-end inventory of domestic plywood was 195,000 3m, up 1.5% from the previous year. Domestic softwood plywood distribution was 185,200 3m in 2003, up 32.6% from the previous year.

Plywood imports declined over 8% as Indonesia and Malaysia, Japan's principal foreign plywood suppliers, labored to conform their production to new chemical emission requirements. Japan's plywood imports in 2003, mostly from Indonesia and Malaysia, were 4,575,672 m3, down 8.3% from the previous year.

The following is a summary of industry developments over the last 4 years.

Japanese Plywood Market by Distribution Volume & Year (Yr./Yr. % Change)				
Item\Year	2000	2001	2002	2003
Total Domestic Production	3,217,645 m3 - 1.3%	2,771,174 m3 - 13.9%	2,735,480 m3 - 1.3%	3,019,298 m3 + 10.4%
Softwood Plywood Production	1,240,181 m3 + 19.2%	1,199,933 m3 - 3.2%	1,339,155 m3 + 11.6%	1,872,931 m3 + 39.9%
Total Imported Plywood	4,926,761 m3 + 2.6%	4,913,885 m3 - 0.3%	4,988,448 m3 + 1.5%	4,575,672 m3 - 8.3%
Total Distribution	8,144,406 m3 + 1.0%	7,685,059 m3 - 5.6%	7,723,928 m3 + 0.5%	7,594,970 m3 - 1.7%

(Source: Japan Plywood Industry Association)

End of Report.